

From: Ken Humphries
To: Microsoft ATR
Date: 1/24/02 8:33pm
Subject: On the subject of the Microsoft settlement

I normally don't send letters to government agencies, but I feel that to not put my two cents worth on this issue, it would be a big mistake on my part.

I have been in the computer industry since the early eighties, and I was around when Microsoft was a company that produced reasonable quality products for a reasonable price. Somewhere along the way (around the time that Office was released,) the company changed its business philosophy, they started bullying companies, and if you crossed them or you were in an area of the marketplace that they wanted to expand into, they would attack. This has included bullying or tempting resellers to not sell competitive products, stealing ideas & code, hiring away employees, buying a company that has a competitive product, then give it away for a fraction of the cost (often free and more recently bundled as a part of the Operating System.) This strategy has effectively stifled most companies from competing directly with Microsoft. Most companies scurry around the edges of Microsoft, praying that Microsoft doesn't target their niche next.

Microsoft marketing and their lawyers will tell you that this is the way the industry works. Every industry leader does these things. That innovation and better products are why they dominate. I can safely tell you that this is not true. Most of the "Industry leaders" that they talk about were driven effectively out of the business, because Microsoft controlled the platform that all of these products ran on.

Wordperfect and Lotus were once the #1 word processor and spreadsheet programs on the market, until Microsoft released Office, which cost less than either and was the only product that worked on the then new Windows 3 software (The reason being that Microsoft developed Office at the same time as Windows and didn't allow access to the Windows development team to their competitors.) Now, there is no effective competitor for this product, and they charge an arm and a leg for the product now (I picked up the original Office for \$99, now it costs \$279, and that's an upgrade price.)

As for this case, Microsoft buys a small developer that has a web browser, because it wants to get into the Internet business. The browser wasn't that good, but Microsoft put their name on it and started giving it away for free. The #1 browser at the time was Netscape, which was charging about \$40 for their browser. Even after throwing a large design team to work on their browser, adding features to the product and starting the "Browser Wars", most users still didn't flock to Microsoft's browser, they then decided to include it in Windows 95 as a

standard feature when they released an update. Why buy a product, when you get one free, integrated in the software? (especially when most machines that you can buy has this updated version of Windows 95 included.) Strangely enough, Netscape, having been forced to give away their software for free as well, lost its market share and Microsoft dominated the browser market. Now, they've put Microsoft Windows specific elements into the browser (to reinforce their OS monopoly) and charge more for their operating system (Windows 95 cost \$79 and now Windows XP costs \$199.)

There are other examples, like when Microsoft forced Windows on computer manufacturers, but I wanted to keep this short and concise. I know that the Sherman Act was designed to keep companies that have a monopoly from trying to exploit that advantage to make a bigger monopoly, and I think it's safe to say that this fits Microsoft's actions to a T. If I thought the settlement arranged between Microsoft and the Justice department would control Microsoft, I wouldn't even have sent you this letter. I'm just letting you know that as an insider, I still see the same business tactics today, that I saw before the trial. I also know that if all you are going to do is give Microsoft a light slap on the hand and put an impotent group of observers to try to control a company that's company culture is "Power wins", especially with them sitting on a \$40 billion dollar cash reserve and growing, what do you think will happen? If they aren't punished properly, all we will get is more Microsoft monopoly products in more markets that cost more and work less.

Thank you for your time in this matter.

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"Change is inevitable."

AND

"Change can be either good OR bad."